

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6684**

**BILL NUMBER:** HB 1199

**NOTE PREPARED:** Dec 28, 2004

**BILL AMENDED:**

**SUBJECT:** County Property Tax Levy Limits.

**FIRST AUTHOR:** Rep. Thompson

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill increases a county's maximum permissible property tax levy if the county's annual rate of population increase exceeds the statewide rate.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** The bill would increase county levies as explained below. These levies would be eligible for Property Tax Replacement Credits (PTRC) and Homestead Credits. The estimated increase in PTRC and Homestead Credits is about \$0.5 M for FY 2006 ( $0.334 * \$1.5 \text{ M}$ ) and \$2.0 M ( $0.666 * \$1.5 \text{ M}$  plus  $0.334 * \$3.0 \text{ M}$ ) for FY 2007. PTRC and Homestead Credits are paid from the Property Tax Replacement Fund, which is annually supplemented by the General Fund.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The bill would increase county levies as explained below. These levies would be eligible for Local Homestead Credits. The estimated increase in Local Homestead Credits is about \$39,000 for CY 2006 and \$67,000 for CY 2007.

**Explanation of Local Revenues:** The bill would increase the county's maximum tax levy if the county's annual percentage increase in population exceeded the statewide growth rate. The bill subtracts the state average population growth percentage of two years ago from the county's population growth rate. If the difference is greater than zero, then the maximum levy for the county is increased by the difference in the population growth. The adjustment only applies to the county levy subjected to the average growth quotient

calculations. It excludes county funds with other controls, such as the Family and Children's Fund and Health Care to Indigent Fund.

Approximately 46 counties would qualify to increase their levies by about \$5.6 M in CY 2006 on a base levy amount of about \$893.6 M. The PTRC for CY 2006 is estimated to be \$1.1 M, and the increase in state Homestead Credits is estimated to be \$0.4 M. The net increase on taxpayers for CY 2006 is about \$4.1 M.

The increase in CY 2007 would depend on the growth in population from 2004 to 2005. If similar growth in Indiana nonfarm personal income and population occurred, then the levy increase in CY 2007 would be \$11.4 M. The PTRC for CY 2007 is estimated to be \$2.3 M, and the increase in state Homestead Credits is estimated to be \$0.7 M. The net increase on taxpayers for CY 2007 is about \$8.2 M.

**State Agencies Affected:**

**Local Agencies Affected:** Counties.

**Information Sources:** Department of Local Government Finance's Local Government Database.

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